

HOUSE BILL 1399

By Ferguson

AN ACT to amend Tennessee Code Annotated, Section 67-4-1004; Section 67-6-228 and Title 68, Chapter 1, relative to lowering the sales tax on food and increasing the cigarette tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "Health Care Assistance Act of 2007".

SECTION 2. Tennessee Code Annotated, 67-4-1004(a), is amended by deleting the language "ten (10) mills on each cigarette" and by substituting instead the following language: "three cents (3¢) on each cigarette" and by adding the following sentence at the end of the subsection:

On July 1 of each fiscal year ending in an even number, beginning with fiscal year 2007-2008 and continuing until fiscal year 2017-2018, the tax rate on cigarettes shall be increased by five hundredths of a cent (0.05¢) on each cigarette or the amount as determined under Section 3 of this act, whichever is greater. The increase on the tax rate on cigarettes shall be implemented to ensure that this act is, to the greatest extent practicable, revenue neutral considering declining cigarette use and other such factors.

SECTION 3. It is the legislative intent of this act that the fiscal impact of this bill be as revenue-neutral as practicable in the immediate and long-term future. Beginning July 1, 2008, the commissioner of revenue shall review the fiscal impact of this act to ensure it continues to be revenue neutral, taking into consideration changing cigarette purchases in this state and growth of the state population. The commissioner of revenue shall report to the general assembly by January 1 of each year, beginning in 2008 and continuing through 2016, regarding any adjustment to the annual increase of five hundredths of a cent (0.05¢) on each cigarette outlined Section 2 that should be implemented in order to maintain an equivalent amount of

revenues necessary to effectuate the purposes of this act. Unless the general assembly recommends otherwise, beginning in fiscal year 2008-2009, the cigarette tax shall be increased by five hundredths of a cent (0.05¢) on each cigarette as provided in Section 2.

SECTION 4. Tennessee Code Annotated, Title 68, Chapter 1, is amended by adding the following as new Part 24.

Section 68-1-2401. There is created within the state treasury a "health care assistance account". All funds from the increase in tobacco taxes pursuant to this act shall be earmarked for deposit in the health care assistance account. Amounts remaining in the account at the end of each fiscal year shall not revert to the general fund. Money in the account shall be invested by the state treasurer pursuant to title 9, chapter 4, part 6, for the sole benefit of the account. All earnings attributable to such investments shall be credited to the health care assistance account. The account shall be administered by the commissioner of health, or the commissioner's designee, with assistance from the department of finance and administration. Funds in the account shall be used to assist families with extraordinary health expenses such as caring for a family member, the hiring of outside medical or health assistance for family members, or catastrophic health emergencies.

SECTION 5. This act shall take effect at 12:05 a.m. on July 1, 2007, the public welfare requiring it.